

Message Text

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C O N F I D E N T I A L STATE 009936

EXCON

E.O. 11652: XGDS-1

TAGS: ESTC, COCOM

SUBJECT: ITALIAN MILLING AND BORING MACHINES TO CHINA -
IL 1091

ATTENTION: DCM

REF: A) COCOM DOC (74)1077

B) ROME 17671

C) STATE 281934

D) ROME 567

1. TECHNICAL ARGUMENTATION PROVIDED BY THE MANUFACTURER
THROUGH GOI OFFICIALS HAS BEEN REVIEWED BY US EXPERTS WHO
HAVE PROVIDED THE FOLLOWING REASONS:

(A) THE MACHINERY IS EXCEPTIONALLY LARGE IN SIZE AND
HORSEPOWER AND IS UNIQUELY ABLE TO PERFORM MILLING AND
BORING OPERATIONS ON LARGE COMPONENTS, SUCH AS REACTOR
PRESSURE VESSELS EMBARGOED BY AEL-36 AND LARGE PARTS USED
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IN MANUFACTURING OTHER MACHINE TOOLS WHETHER NUMERICALLY

CONTROLLED OR NOT. ALTHOUGH COMPLETE BROCHURES HAVE NOT BEEN PROVIDED, THE EQUIPMENT APPEARS TO BE LARGER IN TERMS OF SPINDLE DIAMETERS THAN ANY IN THE INVENTORIES OF THE DEFENSE DEPARTMENT ITSELF.

(B) INASMUCH AS THE CHINESE HAVE REFUSED TO DISCLOSE THE LOCATION AND IDENTITY OF THE END USES AND THERE IS NO INDICATION THAT THE EXPORTER WILL SERVICE THE MACHINERY, THERE IS LITTLE EVIDENCE TO SUBSTANTIATE THAT THE MACHINE TOOLS IN QUESTION WILL IN FACT BE USED FOR STEAM TURBINE CASE MANUFACTURE.

2. THE CONCLUSIONS OF US EXPERTS ALSO DIFFER FROM THOSE OF THE EXPORTER CONCERNING THE UTILITY OF RAM TYPE MACHINES (IN CONTRAST TO THE MOVABLE HEADSTOCK TYPE) IN MACHINING OPERATIONS FOR LARGE COMPONENTS OF NUCLEAR REACTORS WITHOUT NUMERICAL CONTROL (NC) AND THE ABILITY OF THE CHINESE TO FIT NC TO THE MACHINES AFTER EXPORT. IN THEIR VIEW THERE IS NO QUESTION THAT THE MACHINES CAN PERFORM BASIC BORING AND FACING OPERATIONS IN THE MANUFACTURE OF LARGE COMPONENTS OF NUCLEAR REACTORS SUCH AS PRESSURE VESSELS. WITH A SIMULTANEOUSLY COORDINATED ROTARY TABLE, WHICH THE MANUFACTURER UNDOUBTEDLY CAN OFFER AS AN OPTIONAL FEATURE, THE RAM TYPE MACHINES CAN ACQUIRE ADDED CAPABILITY FOR OTHER NUCLEAR REACTOR MACHINING OPERATIONS. ALTHOUGH SOME OPERATIONS ON PRESSURE VESSELS POSSIBLE WITH A MOVABLE HEADSTOCK TYPE WITH A SIMULTANEOUSLY COORDINATED ROTARY TABLE CANNOT BE PERFORMED BY A RAM TYPE MACHINE, THE LATTER IS STILL USEFUL. CERTAIN OTHER MACHINING OPERATIONS WHICH HAVE BEEN DESCRIBED IN THE ITALIAN NOTE VERBALE CAN BEST BE PERFORMED WITH NC, BUT THE FACT THAT NC IS NOT TO BE PROVIDED BY THE MANUFACTURER DOES NOT POSE ANY GREAT DIFFICULTY BECAUSE IN THE VIEW OF US EXPERTS, THE CHINESE HAVE THE CAPABILITY TO INCORPORATE NC ON THE MACHINES WITH MINIMAL DIFFICULTY AND WITHOUT ITALIAN ASSISTANCE.

3. FYI ONLY. OBVIOUSLY, THERE ARE SIGNIFICANT DIFFERENCES IN THE ASSESSMENTS BEING PROVIDED BY OUR CONFIDENTIAL

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RESPECTIVE TECHNICAL ADVISORS WHICH ARE DIFFICULT TO RECONCILE. THE MAJORITY CONSENSUS OF INTERESTED WASHINGTON AGENCIES IS NEGATIVE BECAUSE POSSIBILITIES FOR MISUSE OF THE MACHINERY EXISTS WHERE ITS LOCATION WOULD BE UNKNOWN AND WHERE THE EXPORTER WILL APPARENTLY NOT BE PROVIDING CUSTOMARY AFTER SALES SERVICE. MOREOVER, WE HAVE RECEIVED OBJECTIONS IN PRINCIPLE TO THE EXPORT BASED ON THE SHEER SIZE OF THE EQUIPMENT, HOWEVER, THOSE OBJECTIONS ARE

BASED ON THE MISTAKEN ASSUMPTION THAT THE EQUIPMENT WOULD HAVE BEEN EMBARGOED BEFORE JANUARY 1973 WHEN THE PRESENT COCOM LIST ENTERED INTO FORCE. THE EMBASSY CAN BE PERHAPS MOST HELPFUL IN RESOLVING THIS QUESTION IF THE GOI CAN BE ENCOURAGED TO PROVIDE BROCHURES CONTAINING DETAILED TECHNICAL DESCRIPTION AND PICTURES. AS EMBASSY IS AWARE ALTHOUGH THIS CASE WAS RAISED IN COCOM IN JUNE 1974, THE GOI HAS NEVER REALLY PROVIDED THE INFORMATION CUSTOMARILY OFFERED IN SUPPORT OF EXCEPTIONS CASES, AND A GREAT DEAL OF TIME HAS BEEN LOST IN SIMPLY DRAGGING OUT LISTS OF INFORMATION ON THE MACHINERY. SHOULD EMBASSY BELIEVE THAT DEFINITIVE ANSWER MUST BE PROVIDED AT JANUARY 16 MEETING IT MUST BE FOR DENIAL BASED ON THE ABSENCE OF END USE-USER INFORMATION AND POTENTIAL FOR DIVERSION. GOI WOULD OF COURSE HAVE THE RIGHT TO REOPEN OR ESCALATE THE MATTER ON THE BASIS OF ECONOMIC IMPACT AND POLITICAL CONSIDERATIONS CITED BY GUAZZARONI IN REFTEL B. END FYI ONLY. KISSINGER

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